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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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MAR 26 2014

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DOCKET NO. W-03718A-07-0687

ORIGINAL

PROCEDURAL ORDER
(Setting Procedural Conference)

IN THE MATTER OF THE APPLICATION OF
RANCHO SAHUARITA WATER COMPANY,
L.L.C., FOR THE TRANSFER OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO SAHUARITA WATER
COMPANY, L.L.C., AND EXTENSION OF THE
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WATER SERVICE.

BY THE COMMISSION:

On November 19, 2008, the Arizona Corporation Commission ("Commission") issued Decision No. 70620, granting Rancho Sahuarita Water Company, L.L.C.'s request to transfer its Certificate of Convenience and Necessity ("CC&N") to Sahuarita Water Company, L.L.C. ("Sahuarita" or "Company"), and for a CC&N extension.

The approved CC&N extension covered three parcels from three different owners: Mission Peaks 4000, L.L.C. ("Mission Peaks"), Sahuarita Mission Partners ("SMP"), and the Arizona State Land Department ("ASLD"). Residential subdivisions had been planned for the three parcels.

Pursuant to Decision No. 70620, Sahuarita was required to file within three years of the effective date of the Decision "copies of the Approval to Construct from the Arizona Department of Environmental Quality for well(s), storage tanks(s), booster pump station(s), and the distribution system necessary to serve the initial subdivision in the extension area."¹ Based on the effective date of the Decision, the Approval to Construct ("ATC") should have been filed by November 19, 2011.

On November 4, 2011, Sahuarita docketed a motion requesting an extension of time to file the ATC. In its motion, the Company stated that, because of the depressed real estate market, Mission Peaks terminated its project and sold its parcel to Freeport-McMoRan Copper and Gold ("Freeport-

¹ Decision No. 70620, page 11.

1 McMoRan"). SMP and ASLD were also re-evaluating development of their respective parcels and
2 their plans had not been finalized. Nevertheless, attached to the motion were letters from Freeport-
3 McMoRan, SMP and ASLD indicating they preferred Sahuarita to continue to be the future water
4 provider for their respective parcels. Sahuarita stated it still wished to provide water service within
5 the CC&N extension areas.

6 Decision No. 73157 (May 18, 2012) granted the motion and extended the compliance
7 deadline for the ATC to November 19, 2013.

8 On November 4, 2013, Sahuarita filed a Motion for Extension of Compliance Date
9 ("Motion"). According to the Motion, the 2008 economic downturn continues to delay development
10 in Sahuarita's certificated area and the planned projects had not moved forward. The Company also
11 related that since Sahuarita's last request, ASLD had sold its parcel to ASARCO, L.L.C.
12 ("ASARCO"). Sahuarita attached to the Motion a letter from SMP stating SMP still plans to develop
13 its parcel and it supports Sahuarita's Motion for Extension. The Company notes that although its
14 request specifically relates to the SMP parcel, and Sahuarita had not received letters from Freeport-
15 McMoRan or ASARCO renewing requests for service from the Company, Sahuarita supports an
16 extension of the filing deadline for the entire CC&N extension area approved in Decision No. 70620.

17 Sahuarita points out that it has satisfied all other requirements of the Decision and requests
18 that the Commission grant an extension to file the required ATC for an additional five years, to
19 November 19, 2018.

20 On January 17, 2014, the Commission's Utilities Division ("Staff") filed a Memorandum
21 stating that, based on the information provided by the Company, Staff recommends approval of
22 Sahuarita's Motion to extend the ATC filing deadline for the SMP parcel. However, Staff
23 recommends that the extension should be approved for only two years, rather than five, and that no
24 further extensions of time should be granted in this matter. Additionally, Staff recommends that
25 since Sahuarita had not received updated requests for service from the remaining two parcels' new
26 owners, the Motion should be denied for those areas and the parcels should be deleted from the
27 CC&N extension granted in Decision No. 70620.

28 On January 24, 2014, Sahuarita docketed its Reply to Staff's Response to Sahuarita's Motion

1 for Extension of Compliance Date. The Company asserted that its request for a five-year extension
2 was not unreasonable given the current state of the economy and noted that SMP has consistently
3 affirmed its intention to move forward with the development of its parcel once the real estate market
4 has improved. Alternatively, Sahuarita requested that if a two-year extension is granted, the
5 Company should be allowed to file another extension request before that extension expires, if
6 necessary.

7 Decision No. 70620 states: "IT IS FURTHER ORDERED that this Decision granting the
8 requested CC&N extension be considered null and void, after due process, should Sahuarita Water
9 Company, L.L.C. fail to meet the above conditions within the times specified."²

10 A procedural conference is necessary to discuss the possible deletion of the Freeport –
11 McMoRan and ASARCO parcels from the Company's certificated area and the need for a hearing.

12 IT IS THEREFORE ORDERED that a **telephonic procedural conference shall commence**
13 **on April 10, 2014, at 10:00 a.m., Call-In Number: (888) 450-5996, Participant No. 457395#.** The
14 parties may also attend in person at the Commission's Tucson offices, Room 218, 400 West Congress
15 Street, Tucson, Arizona 85701.

16 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
17 Communications) applies to this proceeding and shall remain in effect until the Commission's
18 Decision in this matter is final and non-appealable.

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28 ² Decision No. 70620, page 12.

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
3 hearing.

4 Dated this 27th day of March, 2014.

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6 
7 BELINDA A. MARTIN
8 ADMINISTRATIVE LAW JUDGE

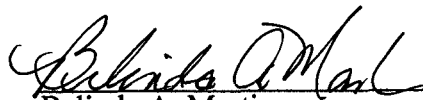
9 Copies of the foregoing mailed/delivered
10 this 24th day of March, 2014, to:

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By: 
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